

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY

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REPORT
OF THE
INDIAN TARIFF BOARD

ON THE REVIEW OF PROTECTION GRANTED TO THE
SODA ASH INDUSTRY

BOMBAY
1951

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GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY

New Delhi, the 13th July, 1951.

RESOLUTION
(Tariffs)

No. 8(2)-T.B./'51. - While granting protection to the indigenous Soda Ash Industry for a period of three years ending March 1953, the Government of India, in their Resolution No. 8(4)-T.B./49 dated the 22nd February 1950 accepted *inter alia* recommendation No. (viii) of para.1 thereof, which called for a review by the Tariff Board towards the end of 1950, of the protective duty-cum-subsidy scheme. The Board has accordingly submitted its Report. Its recommendations are as follows:-

- (1) In view of the altered conditions regarding the prices and availability of imports, (a) the subsidy should be discontinued, and (b) either the rates of duty including surcharge, should be reduced to 30 per cent, preferential and 40 per cent, standard, keeping the tariff value unchanged at Rs. 12-8-0 per cwt., or the tariff value should be reduced to Rs. 9-12-0 per cwt., without changing the rates of duties.
- (2) If at any time during the present period of protection (i.e., up to 31st March 1953), foreign ash, particularly magadi ash, begins to be imported on such a scale as to offer effective competition to indigenous ash and if, as a consequence, the prices of indigenous ash tend to fall to an uneconomic level, the industry may apply for a review of the protective duty under Section 4(1) of the Indian Tariff Act. A careful watch should be maintained over the imports of soda ash in order to enable timely action to be taken to safeguard the position of the domestic industry.

- (3) Salt used in the manufacture of Soda Ash should be exempted from the salt cess.
- (4) Steps should be taken to expedite the payments due to the manufacturers on account of the subsidy.
- (5) Government should give urgent consideration to the possibility of taking more effective measure under the Supply and Prices of Goods Act, 1950 towards enforcing the maximum prices of soda ash and ensuring an equitable distribution of the available supply.
- (6) The Council of Scientific and Industrial Research should examine the possibility of utilising sodium sulphate in the glass, silicate and other industries in order to economise in the consumption of soda ash (particularly, heavy ash which has to be imported from abroad).

2. Government accept all the above recommendations with the exception of recommendation No. (3). As regards recommendation No. (1) (b) the rates of duty including surcharge on soda ash would be reduced to 30% *ad valorem* preferential and 40% *ad valorem* standard, keeping the tariff value unchanged at Rs. 13-8-0 per cwt. As regards recommendation No. (3), Government do not consider it necessary to exempt salt used in the manufacture of indigenous soda ash from the Salt Cess in view of the fact that the price fixed for indigenous soda ash at the same level as that for the imported light soda ash is above the fair price fixed by the Tariff Board. This equated price for both indigenous and imported light soda ash now fixed should be taken advantage of by the indigenous industry to whom the adventitious benefit accrues, to strengthen their financial position and reserves, and this factor will be taken into consideration when next reviewing the case of the soda ash industry.

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY

NOTIFICATION

New Delhi, the 13th July, 1951.

No. PC-7(2)/50.- In exercise of the powers conferred by section 1 of the Supply and Prices of Goods Act, 1930 (LXI of 1930) and in supersession of the notification of the Government of India in the late Ministry of Industry and Supply No. SRU-86, dated the 15th January 1951, the Central Government hereby fixes the following schedule of maximum prices of certain varieties of soda ash.

Schedule

Variety of soda ash.	Maximum price in certain specified localities.	Maximum price that may be charged by a distributor.	Maximum price that may be charged by a wholesale dealer.	Maximum price that may be charged by a retail dealer.
1	2	3	4	5
1. Light Soda ash manufactured in India or imported from U.K.				
Bombay	Rs. 22-9-0 per cwt. ex-godown/ F.O.R.	The price specified in column 2 plus (a) actual railway freight by goods train from any of the localities specified in col. 2 to the place of destination, and (b) handling charges not exceeding annas eight per bag of 1 cwt.	The price specified in column 3 plus a margin not exceeding annas eight per bag of 1 cwt.	The price specified in column 4 plus a margin not exceeding Rs. 1-12-0 per bag of 1 cwt.
Calcutta	Rs. 22-5-0 per cwt. ex-godown/ F.O.R.			
Madras	Rs. 22-7-0 per cwt. ex-godown/ F.O.R.			
Gauhati	Rs. 25-15-0 per cwt. ex-godown/F.O.R.			
Dhubri	Rs. 25-13-0 per cwt. ex-godown/F.O.R.			
Mitthapur	Rs. 22-5-0 per cwt. ex-Works.			
Dharangdhara	Rs. 22-5-0 per cwt. ex-Works.			

1	2	3	4	5
2. Heavy Soda ash imported from U.K.	Bombay Calcutta Madras	Rs. 22-9-0 per cwt. ex-godown/F.O.R. Rs. 22-5-0 per cwt. ex-godown/F.O.R. Rs. 22-7-0 per cwt. ex-godown/F.O.R.	-do- -do- -do-	-do-
3. Khewra (Pakistan) Soda ash.		Rs. 30-11-0 per cwt. F.O.R. India/ Pakistan Border.	-do-	-do-
4. Magnesi Soda ash (Imported).	Bombay Calcutta Madras	Rs. 14-0-0 per cwt. ex-godown/F.O.R. Rs. 15-12-0 per cwt. ex-godown/F.O.R. Rs. 15-11-0 per cwt. ex-godown/F.O.R.		

Note:- These prices are exclusive of local taxes, such as Sales Tax, Octroi, etc. which may be charged extra.

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY

New Delhi, the 13th July, 1951.

NOTIFICATION
(Tariffs)

No. 8(2)-T.B./'51.- In exercise of the powers conferred by sub-section (1) of section 4 of the Indian Tariff Act, 1934 (XXXII of 1934), the Central Government hereby directs that the existing rate of protective duty specified in column 3 of the table hereunder printed in respect of the articles mentioned in column 2 thereof shall be reduced as indicated in the corresponding entry in column 4 of the said table:-

The Table

Item No. of Tariff.	Name of articles.	Existing rate of duty.	Reduced rate of duty.
1	2	3	4
28(4)	Soda ash, including calcined natural soda and manufactured sesqui- carbonates.		
	(a) manufactured in a British Colony	40% <i>ad</i> <i>valorem.</i>	30% <i>ad</i> <i>valorem.</i>
	(b) not manufactured in a British Colony	50% <i>ad</i> <i>valorem.</i>	40% <i>ad</i> <i>valorem.</i>

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REPORT ON THE REVIEW OF PROTECTION GRANTED TO THE SODA ASH INDUSTRY

In its Report on the Soda Ash industry dated 26th September, 1949, the Board recommended the grant of protection to that industry by means of a duty-cum-subsidy scheme for three years ending 31st March, 1953. This recommendation was linked with another to the effect that the ban on the imports of soda ash, which was in force since April, 1949, should be maintained till 31st December, 1950, with provision for the licensing, if necessary, of imports of 25,000 tons in the latter half of 1950. The Board, therefore, made a further recommendation that since the import restrictions were to operate only till 31st December, 1950, the whole scheme of protection should be reviewed towards the end of that year to take account of any changes that might take place in regard to demand, production and imports. The Board's recommendations both in regard to the grant of protection and the review of the scheme of protection were accepted by the Government of India in the late Ministry of Commerce by their Resolution No. 8(4)TB/49 dated 22nd February, 1950. The present inquiry was accordingly undertaken.

2. The duty-cum-subsidy scheme recommended by the Board in its Report dated 26th September, 1949, consisted of two parts: (i) the conversion of the revenue duty on soda ash, which was then levied at the preferential rate of 18 per cent. *ad valorem* and the standard rate of 30 per cent. *ad valorem* into a protective duty at the preferential rate of 30 per cent. *ad valorem* and a standard rate to be fixed in accordance with the terms of the India-U.K. Trade Agreement of 1939; and (ii) the grant of a subsidy of Rs. 1-8-0 per cwt.

on the sales of soda ash produced by the Dhrangadhra Chemical Works Ltd., Dhrangadhra State, and the Tata Chemical Works Ltd., Mithapur, after they resumed production. (The preferential rate of duty was applicable to soda ash produced or manufactured in a British Colony). The Government of India accepted these recommendations with two modifications: (i) in view of the fall in the landed costs of imported soda ash which had taken place since the Board submitted its Report, the duty on soda ash was increased to 40 per cent. *ad valorem* preferential and 50 per cent. *ad valorem* standard; and (ii) taking into account the change in the rates of duty and other factors, the amount of the subsidy was fixed at Re. 1-0-0 per cwt. The protective duty was brought into force by a notification under the Protective Duties Act, 1946, on 22nd February, 1950. The subsidy was made conditional on the Companies selling the soda ash at the fair selling price recommended by the Board. Subsequently, in June, 1950, an ex-factory price of Rs. 16-13-0 per cwt. was approved by Government and the selling prices of the indigenous soda ash were adjusted on that basis. In order to encourage the consumption of the indigenous ash by the glass industry, the Board had recommended that the concession of rebate of duty on imported ash, which that industry had enjoyed for many years, should be withdrawn. Government accepted this recommendation. They also accepted in principle the Board's recommendation regarding restriction of imports, which has been already mentioned above. The Board had emphasised the importance of establishing new factories for the manufacture of soda ash in other parts of the country, particularly in Madhya Pradesh and South India, but very little progress has been made in that direction. It is understood that capital issue licences have been granted to four firms for the manufacture of soda ash, but only two of them, namely, the National Chemicals, Madras, and the Mettur Chemicals and Industrial Corporation, Ltd., Mettur Dam, have so far applied for licences for the import of the necessary machinery.

At the time of the last inquiry, large stocks of soda ash had accumulated in the country and hence, in order to enable the stocks to be liquidated in an orderly manner, the Board had suggested that Government should devise some arrangement for pooling indigenous and imported ash and should also fix ceiling and floor prices for soda ash. By February, 1950, however, when Government's decision on the Board's Report was finalised, the situation had considerably improved and consequently, Government did not think it necessary to consider these suggestions. Subsequently, in January, 1951, when prices of soda ash threatened to rise, Government fixed the following prices for imported and indigenous ash under the Supply and Prices of Goods Act, 1950:-

1. I.C.I. Heavy and Light (imported)	Bombay	Rs. 18- 8-0 per cwt. ex-godown F.O.R.
	Calcutta	Rs. 18- 3-0 per cwt. ex-godown F.O.R.
	Madras	Rs. 18- 5-0 per cwt. ex-godown F.O.R.
	Gauhati	Rs. 21- 4-0 per cwt. ex-godown F.O.R.
2. Magadi Soda Ash (imported)	Bombay	Rs. 16- 9-0 per cwt.
	Calcutta	Rs. 16- 5-0 per cwt.
	Madras	Rs. 16- 5-0 per cwt.
3. Tata's Soda Ash (indigenous)	Mithapur	Rs. 16-13-0 per cwt. ex-works.
	Bombay	Rs. 18- 8-0 per cwt. ex-godown F.O.R.
	Calcutta	Rs. 20- 0-0 per cwt. ex-godown F.O.R.
	Madras	Rs. 19- 8-0 per cwt. ex-godown F.O.R.
	Cochin	Rs. 19- 8-0 per cwt. ex-godown F.O.R.

4. Dhrangadhra Chemical Works (indigenous) Dhrangadhra Rs. 16-13-0 per cwt. ex-works.

With effect from 19th April, 1951, the above prices have been revised as follows:-

- | | | |
|---|-------------|--|
| 1. I.C.I. Light Soda Ash
(imported) 150-lb. bags | Bombay | Rs. 23- 8-0 per cwt.
ex-godown F.O.R. |
| | Calcutta | Rs. 23- 4-0 per cwt.
ex-godown F.O.R. |
| | Madras | Rs. 23- 6-0 per cwt.
ex-godown F.O.R. |
| | Gauhati | Rs. 26-14-0 per cwt.
ex-godown F.O.R. |
| | Dhubri | Rs. 26-12-0 per cwt.
ex-godown F.O.R. |
| 2. I.C.I. Heavy Soda Ash
(imported) 200-lb. bags | Bombay | Rs. 24-10-0 per cwt.
ex-godown F.O.R. |
| | Calcutta | Rs. 24- 6-0 per cwt.
ex-godown F.O.R. |
| | Madras | Rs. 24- 8-0 per cwt.
ex-godown F.O.R. |
| 3. Magadi Soda Ash
2 cwt. bags | Bombay | Rs. 21- 0-0 per cwt.
ex-godown F.O.R. |
| | Calcutta | Rs. 20-12-0 per cwt.
ex-godown F.O.R. |
| | Madras | Rs. 20-14-0 per cwt.
ex-godown F.O.R. |
| 4. Tata's Soda Ash | Mithapur | Rs. 16-13-0 per cwt.
ex-works. |
| | Bombay | Rs. 18- 9-6 per cwt.
ex-godown F.O.R. |
| | Calcutta | Rs. 20- 3-0 per cwt.
ex-godown F.O.R. |
| | Madras | Rs. 19-10-8 per cwt.
ex-godown F.O.R. |
| | Cochin | Rs. 19-10-9 per cwt.
ex-godown F.O.R. |
| 5. Indigenous Soda Ash,
Dhrangadhra | Dhrangadhra | Rs. 16-13-0 per cwt.
ex-works. |

As regards those recommendations of the Board which were to be implemented by the industry, we understand that very little progress has been made towards the manufacture of heavy ash, except that both the units have worked out plans for the additional equipment and the changes in the lay-out of the plant which would be needed for the conversion of light ash into heavy ash. The industry proposes to concentrate its efforts, for the time being, on expanding its output of light ash, with respect to which it is at a comparatively less disadvantage. The steps taken by the manufacturers to balance the various sections of their plant and the economies achieved by them in the consumption of materials are described in paragraphs 5 and 13(b) (ii) below. The industry has not yet succeeded in securing the various transport concessions and facilities which it had applied for, but we understand that the Saurashtra Railway has been giving preferential facilities for the movement of the raw materials needed by this industry and its finished product. The Indian Standards Institution has taken up the question of evolving standard specifications for soda ash.

3. The scope of the present inquiry covers all types of soda ash, heavy as well as light. Heavy ash, which is required by the glass and bichromate factories is still not produced in India, but since it can be substituted for light ash for many uses, we feel that it will not be desirable to exclude it from the scheme of protection altogether. However, in framing our recommendations, we have taken due account of the fact that the glass and bichromate industries will have to depend on imported soda ash for a substantial part of their requirements for some years to come.

4. For the purpose of the present inquiry, special questionnaires were issued to the Tata Chemicals and the Dhrangadhra Chemicals, asking for information about their production, sales, stocks, costs of

production and the steps taken by them to implement the recommendations made by the Board in its previous Report. The Director-General of Industries and Supplies, New Delhi, was requested to furnish the Board with a memorandum regarding the present position of the industry. Data regarding the c.i.f. prices and landed costs of imported soda ash were obtained from the Collectors of Customs and the Imperial Chemical Industries (India) Ltd. and certain other importers. Questionnaires were also issued to some of the leading consumers of soda ash. A list of those to whom questionnaires were issued and those who replied thereto, or sent memoranda, is given in Appendix I. Shri S.S. Mehta, Technical Adviser to the Board, and Shri S.V. Rajan, Assistant Cost Accounts Officer, visited the factories of the Tata Chemicals and the Dhrangadhra Chemicals in the first week of March, 1951. Shri Rajan examined the costs of production of soda ash at the two factories. A public inquiry was held at the Board's Office on 27th March, 1951. A list of those who attended the inquiry and gave evidence is given in Appendix II.

5. (a) The production of soda ash in India is still being carried on by only two units, viz., the Tata Chemicals and the Dhrangadhra Chemicals. Since the last inquiry, the productive capacity of the Tata Chemicals has increased from 50 tons to 90 tons a day (i.e. from 18,000 tons to 29,800 tons a year), and is expected to increase further to 100 tons during the latter half of 1951. Various additions and alterations were made in the Mithapur plant, at an expenditure of Rs. 3 lakhs, to increase its capacity to 90 tons a day, and after regular production was achieved at this rate, a further expenditure of Rs. 6 lakhs was incurred to increase the capacity to 100 tons a day. Steps were taken to economise in the cost of raw materials, particularly, sodium sulphide, limestone and fuel. The economy in fuel was achieved by converting the boilers and calciners from coal firing to oil firing. Some of the new equipment which is being installed, such

as the static salt dissolvers, the "lean gas" compressor and the new return ash system, is expected to give a better utilisation of raw materials, either by increasing efficiency, or by enabling the continuity of production to be maintained. We are advised that further economies in the consumption of materials would be possible, if the temperature conditions in the various sections of the plant were properly regulated. The Tata Chemicals are aware of this and have assured us that their refrigerating unit would soon be put into operation. The present arrangements in the Mithapur factory for weighing the quantities of raw materials going into the process are unsatisfactory and do not permit of an accurate estimate of the consumption of raw materials. The Tata Chemicals have informed us that they propose to install weigh-bridges to remedy this defect.

Since the last inquiry, the Dhrangadhra Chemicals have taken various steps to attain greater regularity of production. The installation of weigh-bridges has enabled the quantities of raw materials going into the process to be more accurately determined, and owing partly to this factor and partly to other improvements, the firm has been able to show a considerable reduction in its consumption of raw materials. They have installed continuous centrifuges and a return ash system, and this is expected to result in greater continuity of operation. Like the Tata Chemicals, the Dhrangadhra Chemicals also have assured us of their intention to put their refrigerating unit into operation at an early date.

(b) After their production has been stabilised at the rate of 100 tons a day, the Tata Chemicals propose to embark on the next stage of expansion which would increase their capacity to 150 tons a day. An additional expenditure of Rs. 15 lakhs on the soda ash plant and about Rs. 25 lakhs on the brine evaporator, salt works and service plants, is envisaged. When these additions are carried out, the present lack of balance in the plant will have been fully

rectified. The firm expects to attain the output of 150 tons a day by 1953. The Dhrangadhra Chemicals are at present working for only 300 days in a year and their first objective is to carry out such additions to their plant as will enable them to operate the existing capacity of 60 tons a day for 360 days. At present the plant has to be shut down for nearly two months in a year, for the purpose of carrying out repairs to the lime kiln which is being operated for a higher volume of production than is warranted by its rated capacity. An additional lime kiln is, therefore, needed and some repairs and renewals have also to be carried out in those sections of the plant which have been worked for too long a period. The Dhrangadhra Chemicals propose to carry out these extensions and renewals, if they succeeded in securing a loan of Rs. 10 lakhs from the Industrial Finance Corporation, for which they have applied. On the assumption that the loan will be granted, they expect to carry out the necessary improvements, so as to be able to attain an output of 22,000 tons a year by 1953, as against their present output of 17,200 tons. We have been informed that the capacity of the plant can be further increased to 90 tons a day at an additional expenditure of Rs. 25 lakhs, but that the firm is not in a position to incur this expenditure for the present.

6(a) In the Board's previous Report, the annual demand Domestic Demand. for soda ash was estimated at 90,000 tons. This estimate was made at a time when, owing to heavy imports, excessive stocks had accumulated in the country, and prices had fallen to a level which was uneconomical to domestic producers. The evidence received during the present inquiry, however, has shown the figure of 90,000 tons to be an under-estimate. During the three years, 1948 to 1950, taken together, the domestic production of soda ash was 91,981 tons and imports 222,013 tons, the total available supply (without taking into account the stocks carried over from 1947) thus amounting to 313,994 tons. If the annual consumption were estimated to be only 90,000

tons, the stocks at the beginning of 1951 would work out to nearly 44,000 tons which does not accord with the available information about the stock position in the country. According to the returns received by the Ministry of Commerce and Industry, the total stocks of soda ash with the producers and dealers as on 1st January, 1951, were only 5,000 tons. The evidence received by us at the public inquiry and otherwise leaves no doubt that there is at present an acute shortage of soda ash in the country, which would not have been the case, if the annual demand were as low as 90,000 tons. The consumption of soda ash has generally been on the upgrade during the last few years and in certain industries, e.g. soap, the shortage of caustic soda has further increased the consumption of this material. The Ministry of Commerce and Industry has estimated the present demand at 120,000 tons. The Imperial Chemical Industries (India) Ltd. have expressed the view that, while the potential demand is of the order of 110,000 tons, the actual consumption at the prices now fixed may amount to about 75,000 tons only. All these estimates were fully discussed at the public inquiry, and taking into account all the relevant factors, it was agreed that the domestic demand might be estimated at somewhere between 110,000 and 120,000 tons. We have accordingly come to the conclusion that the domestic demand may be put at 115,000 tons.

(b) The break-down of this figure into the quantities required by different classes of consumers was also discussed at the public inquiry, and in the light of the evidence received by us, we have estimated the probable requirements of the different classes of consumers as follows: glass industry - 40,000 tons; silicate industry - 12,000 tons; textile industry - 7,000 tons; paper - 5,000 tons; bichromate and other chemical industries - 6,000 tons; dhobies, laundries and miscellaneous - 45,000 tons; total, 115,000 tons. The All-India Glass Manufacturers' Association has estimated the consumption of soda ash by the glass factories in 1950 at 35,000 tons. This figure does not include the consumption

by the bangle making industry, which is estimated at 5,000 tons. After scrutinising the bases of both these estimates, we have adopted the figure of 40,000 tons for the consumption of the glass industry as a whole. The demand for soda ash for the manufacture of silicate has been arrived at after taking into account the probable output of soap, for which silicate is largely used. The requirements of the textile industry were estimated by the I.C.I. at 12,000 tons and by the Ministry of Commerce and Industry at 9,000 tons. However, taking into account the fall in the textile production and other factors, we have revised the estimate to 7,000 tons. The I.C.I.'s estimate was made in 1949 when the textile industry was believed to have purchased larger quantities of soda ash than usual, to take advantage of the very low prices at which this material was sold in that year. As regards the paper industry, many of the bigger units have electrolytic plants and use caustic soda. The representative of the I.C.I., however, stated at the public inquiry that two paper factories alone had arrangements to purchase 1,000 tons of soda ash each per annum from his firm. In view of this, and having regard to the probable output of paper, we think that the demand from the paper industry may be estimated at 5,000 tons. A part of this demand, however, is interchangeable with that of caustic soda. The All-India Bichromates Manufacturers' Association has estimated the requirements of the bichromate industry alone at 6,000 tons, while the total requirements of the bichromate and other chemical industries have been estimated by the Ministry of Commerce and Industry at the same figure. We find that the estimate made by the Association has been based on the total rated capacity of the industry, and not on its actual production, which is less than one-third of the rated capacity. We understand, however, that the demand for bichromates, both for defence purposes and for export, is increasing, and consequently, the consumption of soda ash in that industry is likely to be larger than before. Soda ash is also consumed in the thiosulphate and other

chemical industries. On the whole, we think that the estimate of 6,000 tons furnished by the Ministry of Commerce and Industry for the total demand of the bichromate and other chemical industries is reasonable.

(c) Among the consuming industries, the glass and bichromate industries only find it necessary, on technical grounds to use heavy ash. Some of the glass factories in Bombay have switched over to the use of light ash, but the majority of the glass manufacturers in the country still prefer heavy ash. In its previous report, the Board had recommended that, in order to assist the development of a basic chemical industry, the glass and other consuming industries should, as far as possible, use indigenous ash, while the indigenous soda ash industry should take steps to produce the heavy variety of ash needed by certain industries. We have again examined the matter in some detail and are satisfied that so far as the glass industry is concerned, the use of light ash will involve expensive modifications in the existing equipment and also additional expenditure in other ways. In the case of those glass factories which are equipped with pot furnaces, the use of light ash affects the rate of output, because light ash shows greater tendency to foaming and consequently lowers the filling capacity of the pots. In the recuperative and regenerative furnaces, the losses in the form of dust are greater with light ash. Such losses not merely affect the composition of the melt, but also clog the recuperative galleries and regenerative chambers and thereby necessitate frequent repairs. At the public inquiry, the representative of the I.C.I. informed the Board that in the U.K. and the United States also, the major portion of the soda ash used in the manufacture of glass was of the heavy variety. There are similar technical difficulties in using light ash in the manufacture of bichromate also. For these reasons, it was generally agreed that the glass and bichromate factories should be given facilities for obtaining their requirements of heavy ash. At the time of the previous

investigation, heavy ash was being used by the silicate manufacturers also, but we understood from their representatives at the public inquiry that the industry was now using light ash. The aggregate requirements of the glass and bichromate factories have been estimated at about 45,000 tons and hence, the domestic requirements of heavy ash may be estimated at the same figure. The balance of the domestic demand, 70,000 tons, can be met by light ash.

7.(a) The production of soda ash in India has shown a substantial increase since the last inquiry. Domestic production. The Tata Chemicals produced 26,267 tons in 1950 as against 10,408 tons in 1949 and 17,913 tons in 1948. The Dhrangadhra Chemicals also increased their production to 17,223 tons in 1950 as compared with 7,510 tons in 1949 and 12,360 tons in 1948. The aggregate production of the two firms amounted to 30,273 tons in 1948, 17,918 tons in 1949 and 43,490 tons in 1950. As stated earlier, the Tata Chemicals have made certain additions to their plant and equipment, as a result of which they expect to attain an output of 100 tons a day during the latter half of 1951, as compared with the present rate of 80 tons. The firm has informed us that after its daily production has been stabilised at 100 tons for about 12 months, it will make further additions to its plant so as to increase its capacity to 150 tons a day. On the basis of these plans, the firm has furnished us with the following estimates of its production in 1951 and the following two years:

1951	32,500 tons
1952	36,000 to 40,000 tons
1953	47,000 tons

The Dhrangadhra Chemicals propose to expand their annual capacity from 18,000 tons to about 22,000 tons, and have applied to the Industrial Finance Corporation for a loan of Rs. 10 lakhs for this purpose. On the assumption that the loan will be sanctioned, they have furnished us with the following estimates of their production from 1951 to 1953.

1951	17,200 tons
1952	17,200 tons
1953	22,000 tons

On the basis of the above figures, the combined production of the two firms for the years 1951 to 1953 would be as follows:-

1951	49,700 tons
1952	53,200 to 57,200 tons
1953	69,000 tons

(b) The whole of this production is not available for sale to the public, since a part of it is utilised in the manufacture of soda ash itself and the other chemicals produced by the same factory, viz., caustic soda (in the case of the Tata Chemicals) and sodium bicarbonate (in the case of both the factories). After deducting the quantities expected to be consumed in the producing factories, the net production during 1951-1953 is estimated as follows:-

	<u>Tata Chemicals</u>	<u>Dhrangadhra Chemicals</u>	<u>Total</u>
1951	30,000 tons	16,000 tons	46,000 tons
1952	33,400 to 37,200 tons	16,000 tons	49,400 to 53,200 tons
1953	44,000 tons	20,600 tons	64,600 tons

8. The following table shows the sales of soda ash by sales and the two companies in 1949 and 1950:-

Sales and stocks of indigenous ash.	(In tons)	
	<u>1949</u>	<u>1950</u>
Tata Chemicals	11,975	21,531
Dhrangadhra Chemicals.	9,417	19,516

It will be seen that in 1950 the Tata Chemicals were able to increase their sales by nearly 80 per cent. and the Dhrangadhra Chemicals by nearly 108 per cent. as compared with 1949. The stocks of soda ash with the two factories as on the last date of each half year since 31st December, 1948 are shown as follows:-

Date	(In tons)		Total
	Tata Chemicals	Dhrangadhra Chemicals	
31st December 1948	6,586	5,081	11,667
30th June 1949	9,400	10,663	20,063
31st December 1949	4,299	3,378	7,677
30th June 1950	2,143	2,365	4,508
31st December 1950	2,812	97	2,909

On 30th June, 1949, the industry held stocks to the tune of 20,063 tons, or equal to two-thirds of its total production in 1948. By 31st December, 1950, however, the total stocks with the industry were reduced to 2,909 tons only, or equal to less than one month's production in 1950. On that date, the Dhrangadhra Chemicals, in spite of their record output in 1950, held a stock of only 97 tons, the stocks with the Tata Chemicals amounting to 2,812 tons.

9. Imports of soda ash during 1948-49, 1949-50 and the first nine months of 1949-50 and 1950-51 were as follows:-

	(In tons)			
	1948-49	1949-50	April to December 1949-50 1950-51	
U.K.	48,365	7,756	7,756	2,335
Kenya.	37,655	2,008	8	20,999
Italy.	14,925	295	295	—
United States.	52,200	1,985	1,985	7
Other countries.	10,422	251	251	309
Total.	1,63,567	12,295	10,295	23,650

Soda ash was on an Open General Licence from 15th November, 1948 to 22nd March, 1949, when the O.G.L. was cancelled. The heavy imports recorded during 1948-49 reflect the liberal import policy followed during 1948 and the first two and a half months of 1949. After the cancellation of the O.G.L., no licences were issued for imports from any country until the end of 1949, and during

the first half of 1950; imports were licensed from soft currency countries only, subject to a monetary ceiling and to a maximum c.i.f. price of Rs. 185 per ton. Imports during 1949-50 were consequently reduced to 12,295 tons only. During the first licensing period of 1950, a special licence for imports of 20,000 tons of Magadi ash from Kenya was issued to the I.C.I. (India) and imports from that source, therefore, amounted to 20,999 tons during April to December, 1950 as compared with only 8 tons in the corresponding period of the previous year. Imports from other sources, however, declined to only 2,651 tons during the first nine months of 1950 as against 10,287 tons in the same months of 1949. This shows that Kenya has now regained her position as the principal supplier of soda ash to India. During the latter half of 1950, the import control policy was greatly liberalised, the actual users being allowed to import upto six months' requirements. The established importers, however, were given a quota of only 1½ per cent. of their imports in any two years, one chosen from 1944-45 to 1947-48 and the other from 1948-49 and 1949-50. Licences during the first half of 1951 are to be issued on the same basis.

10.(a) On the basis of the estimates of domestic import requirements and domestic production (net) requirements and possibilities. given in paragraphs 6 and 7(b) above, the quantity of imports required during 1951 to satisfy the needs of current consumption only may be put at about 70,000 tons. To this, the quantities required to replenish stocks and to build up a reserve have to be added. At the public inquiry, opinion was unanimous on the need for building up a reserve to meet any possible international emergency. It was suggested that about 10,000 tons should be imported for replenishing stocks and 30,000 tons, i.e., a quantity equal to three months' consumption, for building up a reserve. We understood from the representative of the I.C.I. (India) that it was the normal practice of their

firm before the war to hold a stock of about 20,000 to 30,000 tons in India. On this basis, the total import requirements for the current year come to about 1,10,000 tons. In view of the present shortage of soda ash in the country and the fact that stocks have been heavily depleted, we recommend that every effort should be made to procure this quantity, or as large a proportion of it as possible, from abroad.

(b) The import possibilities for the current year were discussed by us with the representative of the I.C.I. The latter informed us that in view of the import restrictions imposed in this country, the I.C.I. had already sold large tonnages to other countries, such as Australia, South Africa, Malaya and the countries of South America, and that, consequently, only 30,000 tons of Magadi ash from Kenya and 10,000 tons each of light and heavy ash from the U.K. were available for export to India in the current year. The I.C.I. did not anticipate any difficulty in exporting these quantities, though their shipments during the first two months of 1951 had amounted to only 430 tons from the U.K. and 2,150 tons from Magadi. The recent fall in the exports of Magadi ash was due partly to the dock strike at Liverpool, as a result of which supplies of coal to Magadi were reduced, and partly to the congestion on the East African Railways. Both these difficulties are now over and the shipments of Magadi ash have been resumed on the normal scale. The representative of the I.C.I. (India) informed us that in addition to 50,000 tons expected from the U.K. and Kenya, a quantity of 5,000 to 10,000 tons of heavy ash would be available from Pakistan. The total quantity available from the three sources, Kenya, the U.K. and Pakistan during the current year thus comes to 55,000 to 60,000 tons, as against the estimated import requirements of 1,10,000 tons. We suggest that steps should be taken to explore the possibility of securing the balance from other sources, such as Italy, France and the United States. The representative

of the I.C.I. has explained to us that the present difficulties in meeting India's full requirements are due entirely to temporary factors, one of which is India's own import control policy. The production of Magadi ash is expected to increase considerably during the next six months and the I.C.I. would, therefore, be able to supply much larger quantities from that source next year.

11. It was the unanimous opinion of all those present
 Quality of the at the public inquiry that the indigenous
 Indigenous ash was equal in quantity to the imported
 Soda Ash. light ash.

12. Soda ash is assessed to duty under Item 28(4) of Existing rates of Customs duty. the First Schedule to the Indian Customs Tariff, 33rd Issue. The existing rates of duty for Item 28(4) are shown below:-

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
28(4)	Soda ash, including calcined natural soda and manufactured sesqui carbonates —	-	-	-	-	-	6 per cent. <i>ad valorem</i> .
	(a) manufactured in a British Colony	Protective	40 per cent. <i>ad valorem</i>	-	-	-	December 31st, 1952
	(b) not manufactured in a British Colony	Protective	50 per cent. <i>ad valorem</i>	-	-	-	December 31st, 1952
Tariff Value:							
Soda ash in bags including calcined natural soda and manufactured sesqui-carbonates.			Rs. A. P. (per cwt.)				
			13- 8- 0				
N.B. - The tariff value applies to articles packed in containers of not less than 14 lbs.							

Note: Under the Finance Act, 1951 a surcharge of 5 per cent. of the duty has been imposed on this item.

13. (a) The Assistant Cost Accounts Officer attached to Boards's estimate of the Board examined the costs of production the cost of production and the fair selling price of the indigenous soda ash. of soda ash in both the units, viz., the Tata Chemicals and the Dhrangadhra Chemicals, for the twelve months ended 31st Dec, 1950. The estimates prepared by the Assistant Cost Accounts Officer were discussed in detail, item by item, with the representatives of both the firms, but it was decided that, while due account should be taken of any improvement in manufacturing efficiency attained by either of the firms, the estimates relating to the Tata Chemicals should be adopted, as on the last occasion, as the basis for working out the fair selling price of the indigenous product. The main reasons for doing so were as follows. Firstly, the Tata Chemicals is the larger of the two units, their capacity during 1951-52 being expected to be double that of the other unit. Secondly, the Dhrangadhra Chemicals maintain only financial accounts, while the Tata Chemicals have an up-to-date system of cost accounting which enables the cost of production to be determined with a high degree of accuracy. Thirdly, although the final cost estimate for the Dhrangadhra Chemicals is lower than that for the Tata Chemicals, this is due mainly to the fact that the depreciation charges are much lower in the case of the former firm than in the case of the latter. The Dhrangadhra Chemicals were able to purchase their plant from the Dhrangadhra State in 1939 for only Rs. 10.5 lakhs, which was far below the real value of the plant. The firm has, subsequently, made additions to and alterations in the plant. Nevertheless, the original value of its block as on 31st March, 1950, amounted to only Rs. 28.7 lakhs, whereas the original value of the block of the Tata Chemicals was Rs. 138 lakhs as on 30th June, 1950. We think that the cost of the Dhrangadhra plant, even after allowing for its lower capacity, cannot be taken as indicating its real value. Fourthly, the aggregate cost of materials and conversion charges are higher in the case of the Dhrangadhra Chemicals

than in the case of the Tata Chemicals, and future variations in these items can be estimated with a greater degree of certainty in the case of the Tata Chemicals, who have actually been expanding their capacity year by year, than in the case of the Dhrangadhra Chemicals, whose plans for expansion have not yet reached the stage of implementation. For these reasons, we think that the estimates relating to the Tata Chemicals afford a better basis for estimating the fair selling price of the indigenous soda ash. The representatives of both the firms have expressed their agreement with this view.

(b) Our estimate of the fair selling price of the soda ash produced by the Tata Chemicals for 1951-52 (July-June, which is the Company's financial year) comes to Rs. 315.26 per ton, or Rs. 15.76 per cwt. as compared with the Board's previous estimate of Rs. 336.59 per ton, or Rs. 16.83 per cwt. for 1949-50. The details of our estimate for 1951-52 are given in a confidential enclosure to this Report, * but the main factors which have been taken into account in arriving at this estimate are briefly explained below:-

(i) *Production.* - At the previous inquiry, the cost of production of soda ash was estimated on the basis of net production, i.e., after deducting the quantities used in the process. Soda ash is required for the purification of brine, and the quantities used for this purpose were excluded in computing both the cost of materials and the total production. We, however, thought it more appropriate to work out the cost estimate on the basis of gross production and to include the quantity of soda ash consumed in purifying brine in the cost of materials. During 1950, the Tata Chemicals produced 26,267 tons of soda ash. The capacity of the plant at the time of the previous investigation was 50 tons a day, but taking into account the expansion projects which the firm had in hand, the Board had based the cost estimate for 1949-50 on a production of 80 tons a day. The actual production during 1950 averaged about 73 tons a day or 93

*Not printed.

per cent. of the Board's estimate. For the purpose of future costs, we have assumed a production of 100 tons a day or 36,000 tons a year. The firm expects to attain this rate of output during the latter half of 1951.

(11) *Quantities of raw materials.*- In 1950, the Tata Chemicals were able to effect an appreciable reduction in their consumption (per ton of soda ash) of various materials, except ammonium sulphate. In estimating future costs, it has been assumed that the firm will be able to maintain this progress and reduce its consumption of materials still further. The rates of consumption adopted for the purpose of future costs, as compared with those adopted at the previous inquiry and the actuals for 1950 are shown below:-

Material	Unit	Quantity of material per ton of ash			
		Adopted by Board in 1949	Actual in 1949	Actual in 1950	Adopted by Board for future costs
Salt	Ton	2.10	2.33	2.26	2.00
Limestone	"	1.75	2.00	1.86	1.75
Ammonium Sulphate	Lb.	48.00	82.81	87.00	60.00
Sodium Sulphide	"	21.71	21.71	1.40	11.55
Sulphur	"	-	-	6.10	3.05
Coke	Ton	0.15	0.18	0.15	0.15
Soda ash	"	0.05	0.05	0.03	0.04
Furnace oil	"	-	-	0.003	0.0015

The firm's consumption of ammonium sulphate has been abnormally high and this was admitted by its representatives also. The high consumption of this material is due to ammonia losses resulting from frequent breakdowns in certain sections of the plant. The firm is trying to minimise such losses, but it will not be realistic to assume that the consumption of ammonium sulphate during 1951-52 will be reduced below 60 lbs. We have, accordingly, taken this

figure for the purpose of future costs. During 1950, the firm reduced its consumption of sodium sulphide by using hydrogen sulphide generated from sulphur. In view of the present shortage of sulphur, however, the firm will probably have to revert to the use of sodium sulphide when its present stocks of sulphur are exhausted. We understand that the firm has sufficient stocks of sulphur to meet its requirements during the first half of 1951-52. We have, therefore, provided for the consumption of both sodium sulphide and sulphur, and since each of them is likely to be used for six months only, the rate of consumption for each has been taken at one half of the rate actually recorded during those months of 1950 when it was exclusively in use. It will be observed that the quantity of soda ash used in the process of manufacture has been taken at 0.04 ton for the future, whereas, the quantity actually consumed in 1950 was 0.03 ton. The smaller quantity used in 1950 was partly due to the fact that some of the salt used in the brine refinery was obtained from the firm's caustic soda plant and this was free from impurities and contained excess alkalinity. Since this was a temporary factor, we have allowed a slightly higher rate of consumption in estimating the future costs.

(iii) *Prices of materials.* - Owing to the merger of Baroda with Bombay, the firm is now required to pay a cess on salt at the rate of annas 2 per maund, which works out to Rs. 6.80 per ton of soda ash. There have also been appreciable increases in the prices of ammonium sulphate, sodium sulphide and furnace oil. Since the last investigation, the price of ammonium sulphate has risen from Rs. 390 to Rs. 433 per ton. Similarly, sodium sulphide and furnace oil, which were then available at Rs. 770 and Rs. 90 per ton respectively, are now quoted at Rs. 1,080 and Rs. 104 respectively.

(iv) *Power and Fuel.* - The expenditure under this item includes the cost of electricity, steam and furnace oil.

Since the last investigation, the cost of electricity has increased, because the firm is now required to pay a cess on electricity at the rate of one and a half pies per unit, the additional cost per ton of soda ash amounting to Rs. 2.62. The firm is now using furnace oil, instead of producer gas, but the cost of furnace oil has shown a steady increase of late and is now about 15 per cent. higher than what it was at the time of the last investigation. We have allowed for the consumption of steam at a rate of 6,500 lbs. per ton of soda ash as against 7,300 lbs. actually consumed in 1950.

(v) *Labour.* - From the evidence submitted by the firm, we are satisfied that it will have to meet higher labour charges during 1951-52. We have, however, allowed for increases in the various labour items only to the extent indicated by the firm's present commitments. These increases have offset almost the whole of the saving in the labour cost per ton of soda ash, which would have otherwise resulted from the expected increase in production.

(vi) *Repairs and maintenance and consumable stores.* - The additional equipment installed or to be installed by the firm has been taken into consideration in estimating the repairs and maintenance charges. The prices of the various items of consumable stores, e.g., lubricating oil, have, on an average, risen by about 25 per cent. as compared with 1950 and due allowance has been made for this factor in framing the estimate for the future.

(vii) *Depreciation.* - The firm maintains separate block accounts for the various products manufactured by it, but written down value of the block is not readily ascertainable from these accounts. At the last investigation, the Board has estimated the original value of the block for soda ash (comprising the specific block for soda ash and that portion of the block of the service departments which is used for the manufacture of soda ash) at Rs. 126.55 lakhs as on 30th June, 1948. To this, the firm has added

Rs. 11.83 lakhs during 1948-49 and 1949-50 and proposes to add Rs. 6.5 lakhs during 1950-51, making up a total of Rs. 144.88 lakhs, as on 30th June, 1951. At the last investigation, the Board had not taken into account the expenditure incurred by the firm on the Mithapur Town Scheme for the housing of its employees. The firm has represented to us that this expenditure ought to be regarded as part of its productive expenditure, since it would have been impossible for the firm to attract the necessary personnel to a place like Mithapur without undertaking to provide housing accommodation. The rents recovered from the employees are just sufficient to cover the upkeep and maintenance expenditure and the cost of the services rendered, and consequently, the depreciation charges on this block have to be borne by the firm. We think that this claim is reasonable and we have accordingly added to the block for soda ash its estimated share in the cost of the Mithapur Town Scheme which is Rs. 8 lakhs. Further, a small part of the firm's equipment is surplus to its present needs. It consists of a turbine valued at Rs. 5.42 lakhs and an ammonia still valued at Rs. 52,000. The proportionate share of the soda ash plant in this surplus equipment comes to Rs. 4.70 lakhs and we have deducted this amount from the block for soda ash. The total gross block for soda ash as on 30th June, 1951, thus amounts to Rs. 148.18 lakhs computed as follows:—

	<u>Rs. (lakhs)</u>
Block as on 30th June, 1948 (as per previous report)	126.55
Add additions made or to be made up to 30th June, 1951.	18.33
Add share of the Mithapur Town Scheme	8.00
Deduct share of the surplus plant	4.70
Total gross block as on 30th June, 1951	<u>148.18</u>

The normal practice of the Board is to allow depreciation on the written down value of the block. The firm, however, contended that in this case, depreciation should be allowed on the original value of the block, since the plant was not in continuous operation for many years after it was installed. The firm had put forward the same contention at the previous investigation also and the Board had then decided to write down the block only for the period for which it had worked, i.e., since 30th June, 1948. We see no reason to depart from that decision and have accordingly worked out depreciation on the calculated written down value of the block at 12½ per cent., which was the rate adopted on the last occasion. On this basis, the amount of depreciation for 1951-52 comes to Rs. 12.86 lakhs.

In addition to meeting the annual depreciation charge calculated in the manner described above, it will be necessary for the firm to set aside some further amounts year by year, in order to liquidate the arrears accumulated in past years, when it was not making sufficient profits and was, therefore, unable to make adequate provision for depreciation. Against the total gross block of Rs. 235 lakhs (for all departments taken together), the firm has been able to provide, by way of depreciation, Rs. 24 lakhs only up to 30th June, 1950, whereas, at the income tax rates, it should have provided approximately Rs. 75 lakhs. Thus, the arrears are Rs. 51 lakhs, of which Rs. 32 lakhs are attributable to the soda ash section. These arrears must be liquidated at some date, if the real value of the assets is to be maintained. No definite time-limit can be set for the liquidation of these arrears, but it should be the general policy of the firm to increase its allocations to the depreciation fund above the normal figure, as and when conditions are favourable and a surplus arises either because of a drop in the cost of production or because of a rise in prices. We think that the conditions in the immediate future will be sufficiently favourable to justify such special allocations to the depreciation fund. If

depreciation were allowed at no more than Rs. 12.86 lakhs, the fair selling price of the Tata Chemicals' ash would work out to Rs. 306.65 per ton, or Rs. 15/5/4 per cwt. The fair selling price estimated by the Board at the last investigation was Rs. 16/3 per cwt. (excluding the allowances for the freight disadvantage and the extra selling expenses). The firm is thus expected to achieve a net decrease of Re. -/13/8 per cwt. in its cost of production. We think that one-half of this saving, i.e., annas -/6/10 per cwt. should be utilized for liquidating the arrears of depreciation. This, on the assumed output of 36,000 tons, comes to Rs. 3,07,500 or say, Rs. 3,10,000 which is not too high a figure, considering that the amount of arrears to be liquidated is Rs. 32 lakhs. We have, therefore, increased the provision for depreciation from Rs. 12.86 lakhs to Rs. 15.96 lakhs. The representatives of the firm have assured us that any increase in gross profits resulting from this additional provision will be utilized for larger allocations to the depreciation fund, and not for distribution of higher dividends. On the basis of a gross output of 36,000 tons, the amount of depreciation per ton of soda ash comes to Rs. 44.33 per ton i.e., the same as that allowed on the last occasion on the basis of a net output of 27,300 tons.

(viii) *Packing*. - In order to reduce the cost of packing, the firm has been despatching its soda ash in 1½ cwt. bags since January, 1950 instead of 1 cwt. bags, and has now decided to use 2 cwt. bags. Owing to decontrol and other factors, however, the price of gunny bags has shot up considerably of late, the current quotation being Rs. 330 per 100 bags of 2 cwt. capacity, f.o.b. Calcutta. The firm has already contracted at this rate for its requirements for several months ahead. The situation, is, however, likely to improve later in the year and we have, therefore, adopted a price of Rs. 300 per 100 bags. After adding freight handling charges, the cost at Mithapur comes to Rs. 305/8/- per 100 bags. The total cost of packing, including labour

charges, works out to Rs. 33.22 per ton of soda ash, which is slightly lower than the Board's estimate for 1949-50, but is about Rs. 5 higher than the firm's actual cost in 1950.

(ix) *Interest on working capital.* - At the previous inquiry, the working capital was taken to be equal to six months' costs of production. Taking into account the quicker turnover of finished goods, on the one hand, and the need for holding larger stocks of certain materials like gunny bags, ammonium sulphate, sulphur, etc., on the other, we have estimated the present requirements of working capital to be equivalent to about five months' costs of production. On this basis the working capital for an output of 36,000 tons amounts to Rs. 35 lakhs and interest at 4 per cent. on this sum comes to Rs. 3.89 per ton, as compared with Rs. 4.69 per ton allowed on the last occasion.

(x) *Return on block.* - A return of 8 per cent. (the rate adopted on the last occasion) has been allowed on the gross block of Rs. 148.18 lakhs. On the basis of a net output of 34,560 tons, the return per ton works out to Rs. 34.30 per ton as against Rs. 37.08 on the last occasion, when a net output of 27,300 tons was assumed.

(xi) We give below a comparative statement showing the Board's previous estimate of the fair selling price, the actual cost of production (excluding interest on working capital, depreciation and return on block) in 1950 as worked out by our Assistant Cost Accounts Officer and our estimate of the future selling price.

	Board's previous estimate of fair selling price (1949-50) (per ton)	(Figures per ton)	
		Actual cost (1950)	Board's estimate of future fair selling price
Cost of raw materials, power and fuel, labour, repairs and maintenance, consumable stores, establishment and other overheads	201.01	201.85	199.52
Packing charges	33.45	28.38	33.22
	<u>234.46</u>	<u>230.23</u>	<u>232.74</u>
Interest on working capital. .	4.89	-	3.89
Depreciation	44.36	-	35.72
Extra depreciation for liqui- dating past arrears	-	-	8.61
Return on block	37.08	-	34.30
	<u>320.69</u>	<u>-</u>	<u>315.26</u>
Freight difference	8.00	-	-
Selling & distribution expenses	5.00	-	-
Provision for improvement during shutdown periods	3.00	-	-
Total	<u>334.59</u>	<u>-</u>	<u>315.26</u>
	(10.83 per cwt.)	(Rs. 15.76 per cwt.)	

Taking only the cost of materials and conversion charges in the first instance, it will be seen that the actual cost under these items taken together during 1950 has turned out to be almost exactly the same as the Board's estimate for 1949-50. The estimate of future costs under these items shows only a slight reduction of Rs. 1.49 as compared with the Board's estimate for 1949-50, but it has to be remembered that only 16 months have elapsed since the firm's costs of production were last investigated, and during this period, the labour charges and the prices of materials (such as sodium sulphide, sulphate of ammonia, furnace oil and the various items of consumable stores) have gone up appreciably.

Moreover, the firm is now required to pay two new charges - a cess on salt and a cess on electricity, the aggregate incidence of which per ton of soda ash amounts to Rs. 9.42. It is gratifying that the firm has managed to keep down its costs, despite these adverse factors.

It will be seen that our estimate of the fair selling price for the future does not include any allowance for the following three factors for which provision was made in the previous estimate, namely, the freight difference, selling expenses and improvements during the shut-down periods. The question of the freight difference is discussed in paragraph 15(a) below. An allowance for selling expenses was granted on the previous occasion on the ground that the indigenous producers had to incur higher expenditure on commissions and discounts as compared with importers. The present position, however, is just the reverse; owing to the reduction in the volume of imports, the importers have to distribute their overhead charges over a much smaller turnover, and their selling expenses per unit of the product sold are consequently much higher as compared with those incurred by the indigenous manufacturers. The provision in respect of the third item, namely, improvements during the shut-down periods, related to certain expenditure which was to be incurred during the 12 months following the last inquiry. This provision has served its purpose and therefore, need not be renewed.

Thus, the estimated fair selling price for the future comes to Rs. 315.26 per ton or Rs. 15.76 per cwt. as compared with the Board's previous estimate of Rs. 336.59 per ton or Rs. 16.83 per cwt., i.e., a reduction of Rs. 21.33 per ton or Rs. 1.07 per cwt. Even if the allowances for the three items mentioned in the preceding paragraph were excluded from the previous estimate for the purpose of comparison, the fair selling price as now determined will still show a reduction of Rs. 5.33 per ton or Re. 0.267 per cwt. Although the fair selling price of Rs. 315.26 per ton or Rs. 15.76

per cwt. has been worked out primarily on the basis of the data relating to the Tata Chemicals, we recommend that the same price should be adopted for the Dhrangadhra Chemicals also. The price is ex-factory and exclusive of selling expenses which are at present charged at $8\frac{1}{2}$ per cent. of the gross price by the Tata Chemicals (who quote both ex-factory and port town rates) and at 5 per cent. of the gross price by the Dhrangadhra Chemicals (who quote only ex-factory rates).

(xii) The port town prices corresponding to the above ex-factory price of Rs. 15.76 per cwt. may be worked out by adding freight, handling charges and selling expenses. Since the Tata Chemicals alone sell on ex-godown port town basis, we have worked out such prices for their soda ash only. These are given below:-

	(In Rupees)			
	Bombay	Calcutta	Madras	Cochin
Fair ex-works price	15-12-2	15-12-2	15-12-2	15-12-2
Freight and handling charges	1-14-0	3-5-3	2-11-8	2-12-9
Plus 10% surcharge on steamer freight effective since 1.1.51	0-1-6	0-3-0	0-2-9	0-2-7
Gross price	17-11-8	19-4-5	18-10-7	18-11-6
Add selling expenses @ $8\frac{1}{2}$ per cent.	1-8-1	1-10-3	1-9-5	1-9-5
Fair selling price ex-godown port town	19-3-9	20-14-8	20-4-0	20-4-11
Say.....	19-4-0	20-15-0	20-4-0	20-5-0

The port town prices for the Tata Chemicals' ash, corresponding to the fair ex-works prices at present in force, before deduction of the subsidy at Re. 1/- per cwt., are Rs. 19-9-6 for Bombay, Rs. 21-3-0 for Calcutta, Rs. 20-10-8 for Madras and Rs. 20-10-9 for Cochin. As compared with these prices, the above prices show a slight reduction.

14.(a) The representative of the I.C.I. (India) informed us at the public inquiry that his firm had applied to the Government of India for an increase in the maximum prices of imported ash. Subsequently, on 19th April, 1951, the Government of India issued a notification fixing revised maximum prices for imported and indigenous ash. The revised as well as the original maximum prices have already been mentioned in paragraph 2 above. A break-down of the prices of imported ash into c.i.f., customs duty, clearing charges and selling expenses, as furnished by the I.C.I. (India) is given below:-

(Per ton in rupees)

	Magadi		U.K. light ash		U.K. heavy ash	
	Prior to revision	Revised	Prior to revision	Revised	Prior to revision	Revised
C.i.f.	160 4 0	191 11 0	172 13 0	203 11 0	168 2 0	222 1 0
Customs duty (Tariff value Rs. 13 8 0 per cwt.)	108 0 0 (40%)	113 8 0 (42%)	135 0 0 (50%)	141 12 0 (52½%)	135 0 0 (50%)	141 12 0 (52½%)
Clearing charges . . .	11 8 0	11 8 0	11 8 0	11 8 0	11 9 0	11 8 0
Landed cost	279 12 0	316 9 0	319 5 0	356 15 0	314 10 0	375 5 0
Selling price	326 4 0	415 0 0	363 12 0	465 0 0	363 12 0	487 8 0
Selling price per cwt. .	18 5 0	20 12 0	18 3 0	23 4 0	18 3 0	24 6 0

(b) It will be observed that Magadi ash is cheaper than either the light or the heavy ash. Its relative cheapness is partly accounted for by the preferential rate of duty levied on it, but it is worth noting that its c.i.f. price is also lower. Magadi ash has virtually the same properties as the synthetic heavy ash and can also be used for almost any purpose for which the synthetic light ash is used. Normally, therefore, there should not be any substantial difference in price between the synthetic and the natural ash. Mr. Langford of the I.C.I., however, explained at the public inquiry that, apart from the fact that the cost of production of Magadi ash was much lower,

it was also the policy of the I.C.I. to sell it cheaper than synthetic ash in order to stimulate its consumption.

(c) There are at present three disparate sets of prices prevailing in the soda ash market. Magadi ash which differs but little from the synthetic heavy ash, so far as its chemical properties and uses are concerned, is nevertheless priced lower than the synthetic heavy ash. Both Magadi and the U.K. heavy or light ash can replace Indian ash in all uses, and yet the price of Indian ash at certain centres, for example, Calcutta, was until recently Rs. 3-11-0 per cwt. higher than that of Magadi ash and Rs. 1-13-0 per cwt. higher than that of the U.K. heavy or light ash (see paragraph 2 above). That these disparities should persist for any length of time is an indication of the absence of free competition in this market. There is, of course, no question of free competition between Magadi ash and the U.K. ash, since the distribution of both is controlled by a single organization, namely, the I.C.I. The competition between the imported and the indigenous ash is also limited for the present by an acute local shortage caused hitherto by import restrictions, and now by the difficulty of procuring adequate supplies from abroad.

(d) According to the data furnished by the I.C.I. (India), the c.i.f. prices have risen by 20 per cent. in the case of Magadi ash, 18 per cent. in the case of light ash and 32 per cent. in the case of heavy ash. The percentage increases in the selling prices are much greater: 28.6 per cent. in the case of Magadi ash and 27.8 per cent. and 33.9 per cent. in the case of light and heavy ash respectively. We understand from the representatives of the I.C.I. (India) that the c.i.f. prices have risen because of increases in the costs of manufacture, the cost of gunny bags and shipping freight. The I.C.I. have furnished us with details regarding the last two items and have explained that in addition to covering the actual increases in the various items of costs, the revised c.i.f. prices also include a small margin for

contingencies. It is worth noting that the c.i.f. price of the U.K. heavy ash is now higher than that of light ash, whereas hitherto it was lower. Although heavy ash is manufactured from light ash, we understand from the I.C.I. that the additional cost involved is more than made up by the lower cost of packing heavy ash and that consequently heavy ash was hitherto sold cheaper than light ash. The I.C.I. have, however, stated that they are expecting a relative surplus of light ash in the United Kingdom and have, therefore, fixed its price at a lower level in order to stimulate its consumption. It will also be seen that the margin between the landed costs and selling prices of imported ash has more than doubled. The I.C.I. (India) have explained this as being due to the heavy reduction in their turn-over caused by import control, and the consequent increase in the incidence of overhead charges, such as godown rent and establishment. The I.C.I. (India) have not furnished us with the details of their selling expenses, nor did we consider it necessary to call for such details, since the matter was going to be examined separately by Government in connection with the Supply and Prices of Goods Act, 1950.

15.(a) The quantum of protection required by an industry Modifications required in the duty-cum-subsidy scheme is normally determined by comparing the fair selling price of its product with the landed cost, ex-duty, of the competing imported product. As stated earlier, however, both the soda ash factories in India are situated at a considerable distance from the ports which are the main consuming centres and the cost of their products at the ports is, therefore, inflated by the transport charges payable from the factories to the ports. This constitutes a disadvantage for the indigenous product, since no such charges enter into the cost of the imported product at the ports. As regards inland centres, the transport charges payable to each centre on the indigenous product depend on the distance from the factory, while those payable at the same centre on the imported product depend on the distance from the port. Consequently,

so far as transport charges alone are concerned, the indigenous product is at an advantage at some centres and at a disadvantage at others. We have examined the data regarding the freights payable on imported and indigenous ash at a large number of inland centres and we find that there are only a few centres where the indigenous product has an advantage over the imported product. Taking into account the percentage distribution of the sales of the Tata Chemicals' ash in 1950 as between the four major port towns (Bombay, Calcutta, Madras and Cochin) and between these and the inland centres, we have estimated that the inland freight and handling charges payable on the Tata Chemicals' ash are, on an average, higher than those payable on imported ash by Rs. 2-6-0 per cwt. The indigenous ash is, therefore, subject to a net freight disadvantage to this extent and an allowance for this factor has, therefore, to be added to the fair selling price of indigenous ash, before comparing it with the ex-duty landed cost of imported ash. The following table shows the quantum of protection needed by the domestic industry against each of the three varieties of imported ash on the basis of the difference between the landed cost of the imported product, on the one hand, and the fair selling price (including an allowance for freight disadvantage) of the indigenous product, on the other.

	(Per cwt.)		
	Magadi ash Rs.	U.K. Light ash Rs.	U.K. Heavy ash Rs.
(1) C.I.F. price.	9-9-4	10-3-0	11-1-8
(2) Clearing charges.	0-9-0	0-9-0	0-9-0
(3) Landed cost without duty. . .	10-2-4	10-12-0	11-10-8
(4) Fair selling price.	15-12-2	15-12-2	15-12-2
(5) Allowance for freight disadvantage.	2-6-0	2-6-0	2-6-0
(6) Fair selling price including allowance for freight disadvantage.	18-2-2	18-2-2	18-2-2

	Magadi ash	U.K. Light ash	U.K. Heavy ash
	Rs.	Rs.	Rs.
(7) Quantum of protection needed by the industry [Difference between (8) and (3)]	7.15 10	7.6.2	6.7.6
(8) (7) as percentage of c.i.f. (1)	83.37%	72.49%	58.25%
(9) (7) as percentage of tariff value of Rs. 13/8/-	50.18%	54.71%	47.92%
(10) Quantum of protection at present enjoyed by the industry:			
(a) Existing rate of duty on a tariff value of Rs. 13/8	42% = 5 10.9	52½% = 7.1.5	52½% = 7.1.5
(b) Subsidy	1.0.0	1.0.0	1.0.0
	<u>6-10.9</u>	<u>8.1.5</u>	<u>8.1.5</u>
(11) Surplus (+) or Deficit (-)			
[(7) - (10)]	(-) 1.5.1	(+) 0.11.3	(+) 1.9.11

It would appear from the above figures that the quantum of protection afforded by the present duty-cum-subsidy scheme is inadequate to the extent of Rs. 1-5-1 per cwt. against Magadi ash and more than adequate to the extent of Rs. 0-11-3 against the U.K. light ash and Rs. 1-9-11 against the U.K. heavy ash. As stated already, however, Magadi ash forms the bulk of imports into India and being cheaper than the U.K. ash is potentially the more serious rival of the indigenous ash. The quantum of protection to be given to the domestic industry must, therefore, be sufficient to enable it to compete with Magadi ash and not merely with the U.K. light or heavy ash. On this basis, the domestic industry would appear to need protection to the extent of 83 per cent. of the current c.i.f. value and 59 per cent. of the tariff value of Rs. 13-8-0 per cwt., and in order to provide this measure of protection, either the rate of the import duty have to be increased from 42 per cent. preferential, and 52.5 per cent. standard, to 52 per cent. preferential, and 52 per cent. standard (keeping the tariff value unchanged), or the subsidy has to be enhanced from Re. 1/- to Rs. 2-5-0 per cwt. On a mere comparison of the fair

selling price (including the allowance for freight disadvantage) of the indigenous product with the landed cost of the imported product, it would appear that the indigenous industry would not be adequately safeguarded unless it were given protection on this scale. There are, however, certain temporary factors as a result of which the scope for foreign competition is greatly limited at present, and when due account is taken of these factors, it would be clear that so long as they continue to operate, it would be fair to both the industry and the consumers to make some reduction in the quantum of protection at present enjoyed by the industry, instead of increasing it further. Under normal conditions, it would be difficult to sell an indigenous product except at the price at which the corresponding imported product is sold and for this reason the scheme of protection has to be so devised as either to raise the duty-paid landed cost of the imported product to the level of the fair selling price of the indigenous product, or to make up the difference by granting a suitable subsidy on the indigenous product. In the case of soda ash, however, the indigenous product has been able to find a market at an appreciable higher price than that of the imported product. In Calcutta, for example, the indigenous ash was, until recently, sold at a price of Rs. 20 per cwt., whereas Madagi ash was sold at Rs. 16-5-0 per cwt. and the U.K. light and heavy ash at Rs. 18-5-0 per cwt. Despite this price difference, the demand for the indigenous ash was quite satisfactory. Hitherto, the principal reason for this state of affairs was import control, which has now been greatly relaxed; but, in the meanwhile, a new factor has come into operation, namely, the scarcity of soda ash in the exporting countries, and this has the same effect. During the current year, no more than 50,000 tons are expected to be available from Kenya, the U.K. and Pakistan taken together, while our import requirements are estimated at 1,10,000 tons, including a quantity of 30,000 tons required for building up a reserve. So long as imports are not freely available, there is no

reason why the indigenous industry could not be able to recover a fair selling price for its product, even if the imported product is sold at a lower price. In other words, the indigenous industry can carry on with a smaller measure of protection than is indicated by a comparison of the fair selling price with the landed cost.

(b) We have, therefore, to consider whether, in the altered conditions regarding the prices and availability of imports, there is adequate justification for continuing either the subsidy or the present rates of import duty. The subsidy of Re. 1/- per cwt. at present paid to the domestic industry was intended to make up the difference between the fair selling price of the indigenous product and the duty-paid landed cost of the imported product. The duty was so adjusted as to maintain the landed cost at a lower level than the fair selling price, in order to lessen the burden on the consumer, and the subsidy was designed to compensate the industry for the loss it was likely to sustain, owing to the gap between the landed cost and the fair selling price. Experience has shown, however, that the industry would not have been put to any loss, if the subsidy had not been granted, because the market conditions during most of the period for which the subsidy scheme has been in operation have been such that the indigenous industry would not have had any difficulty in recovering the full fair selling price for its product, in spite of the selling price of the imported product being lower. The subsidy has not resulted in making indigenous ash as cheap as imported ash, but only making it Re. 1/- per cwt. cheaper than it would have been otherwise. We feel that in these circumstances, the desirability or otherwise of continuing the subsidy has to be considered solely from the point of view of the relief to the consumer. It is a matter of indifference to the industry whether it is given a subsidy or is allowed to charge a higher price instead, and this was admitted by the representatives of the Tata Chemicals. The ex-works fair selling price (excluding allowances for the

freight difference, and the selling expenses) as determined by the Board at the previous inquiry was Rs. 16-3-0 per cwt. A subsidy of Re. 1/- was paid on this price which was consequently reduced to Rs. 15-3-0 i.e. by a little over 6 per cent. The ex-works fair selling price as now determined by us is Rs. 15-12-0 per cwt. or annas -/9/- higher than the subsidised price ruling at present. Hence, if the ex-works price is to be kept unchanged at Rs. 15-3-0, a subsidy of annas -/9/- will have to be given in place of the present subsidy of Re. 1/-. We do not think, however, that the relief given to the consumer by such a small rate of subsidy would at all be commensurate with its cost to the exchequer and the trouble and expenses involved in administering it. In a price of Rs. 15-12-0 per cwt., a subsidy of annas -/9/- would make a difference of only 3.6 per cent. Although the industrial consumers, who indent their requirements directly from the factories, will be able to get the benefit of a reduction, however small, in the ex-works price, the same may not be the case with the thousands of washermen and other small users who have to buy their requirements through middlemen. About 40 per cent. of the total soda ash sold in the country goes into washing and domestic uses. We understand that, 58 per cent. of the sales of the Tata Chemicals in 1950 were made 'through the trade', while 'dhobies, laundries and other domestic users' accounted for 75 per cent. of the sales of the Dhrangadhra Chemicals in that year. Where sales are made through wholesalers and retailers, the manufacturers themselves can exercise only a limited measure of control over the price charged to the final consumer. We, therefore, recommend that the subsidy at present granted to the soda ash industry should be discontinued and that the industry should be allowed to raise its selling price to the small extent necessary on this account. We think that any financial assistance to be given to the industry should take the form recommended in paragraph 16(c) below.

(c) The rates of import duty have to be reviewed in the light of the recent increases in the c.i.f. and selling prices of imported ash. As already mentioned in paragraph 14(d) above, the selling prices of Magadi and the U.F. light and heavy ash have risen by 28.6 per cent., 27.8 per cent. and 33.9 per cent. respectively. As against these increases, the increase in the selling price of the indigenous ash due to the discontinuance of the subsidy would be only 3.6 per cent. The imported ash is mostly of the heavy variety and is required mainly by the glass and bichromate industries. The indigenous soda ash industry is not able to meet the demands of these industries, which are consequently dependent entirely on imports. At the public inquiry, it was generally felt that the glass industry, in particular, might be adversely affected, if the prices of imported ash were increased to the extent proposed by the I.C.I. The I.C.I. themselves put forward the estimate that the consumption of soda ash at the new level of prices would be as low as 75,000 tons or 68 per cent. of the normal, but this was not supported by others. We think, however, that any appreciable decline in the consumption of an essential material like soda ash will produce adverse repercussions on the economy of the country and we are, therefore, of the opinion that at least a part of the recent rise in prices should be neutralised by reducing the import duty. There would have been some justification for maintaining the present rates of duty, despite the considerations mentioned above, if this was necessary for safeguarding the position of the domestic industry, but this is not the case at present. Moreover, at the present juncture, a reduction in the import duty would have the additional advantage of encouraging imports, which are so urgently needed for replenishing stocks in the country. We recognise, of course, that it would not be desirable to reduce the import duty to such an extent as to widen the spread between the prices of imported and indigenous ash. Because, if imported ash were made cheaper than

indigenous ash to a much greater extent than it is at present, it may become profitable for some of the consumers of imported ash to resell it to those who would have otherwise used the more expensive indigenous ash. We think that a reasonable course would be to reduce the import duty only to the extent required to offset the increases in the c.i.f. prices. The increases in the c.i.f. prices amount to Rs. 1-9-0 per cwt. in the case of light and Magadi ash and Rs. 2-11-2 per cwt. in the case of heavy ash. Since the imports of ash consists mainly of Magadi ash, we think that the preferential rate applicable to Magadi ash should be so adjusted as to reduce the incidence of the duty by Rs. 1-9-0 (the increase in the c.i.f. price) and that the standard rate should then be fixed, in accordance with the terms of the India-U.K. Trade Agreement of 1939 at 10 per cent. *ad valorem* higher than the preferential rate so adjusted. At the current tariff value of Rs. 13-8-0 per cwt., the incidence of the present duty of 42 per cent. (including surcharge) on Magadi ash works out to Rs. 5-11-0 per cwt. In order to reduce this incidence by Rs. 1-9-0, the *ad valorem* duty has to be reduced approximately to 30 per cent. (including surcharge). We, therefore, recommend that the preferential rate of duty on soda ash should be reduced to 30 per cent. and the standard rate to 40 per cent. keeping the tariff value unchanged at Rs. 13-8-0 per cwt. Alternatively, the tariff value should be revised to Rs. 9-12-9 per cwt., which would be slightly higher than the revised c.i.f. price of Magadi ash, without changing the rates of duties. If this recommendation is adopted, the selling price of Magadi ash (which constitutes the bulk of imports) can be reduced by at least Rs. 1-9-0 per cwt., i.e. from Rs. 20-12-0 to Rs. 19-3-0. As stated in paragraph 13(xii), the port-town prices of indigenous ash on the basis of the ex-works fair selling price recommended by us, would be Rs. 19-4-0 per cwt. in Bombay, Rs. 20-15-0 in Calcutta, Rs. 20-4-0 in Madras and Rs. 20-5-0 in Cochin. After the proposed reduction in duty, the price of indigenous ash

would be almost equal to that of Magadi ash in Bombay, but would be higher than the latter by Rs. 1-12-0 in Calcutta, by Rs. 1-1-0 in Madras and by Rs. 1-2-0 in Cochin. We do not think that these differences would adversely affect the sales of indigenous ash, considering the fact that prior to the recent revision of the prices of imported ash, indigenous ash was selling in Calcutta at Rs. 2-11-0 per cwt. higher than Magadi ash. We may add that it has been recognised by the representatives of the indigenous industry also that a reduction in the import duty on soda ash is unavoidable in the present circumstances.

(d) The above recommendation regarding the import duty is based on the important assumption that imports of soda ash will not be freely available for some time. If at any time during the present period of protection (i.e. up to 31st March, 1953), foreign ash, particularly Magadi ash, begins to be imported on such a scale as to offer effective competition to indigenous ash and if, as a consequence, the prices of indigenous ash tend to fall to an uneconomical level, the industry may apply for a review of the protective duty under Section 4(1) of the Indian Tariff Act. We recommend that a careful watch should be maintained over the imports of soda ash in order to enable timely action to be taken to safeguard the position of the domestic industry.

16. (a) Cess on salt. As pointed out in paragraph Supplement- 13(b) (iii) above, since the merger of Baroda and ary recom- the Dhrangadhra State into the Indian Union, both mendations. the soda ash factories have become liable to pay a cess on salt which works out to Rs. 6.8 per ton of soda ash. In view of the fact that the cost of production of soda ash in this country is much higher than in other countries, we recommend that salt used in the manufacture of soda ash should be exempted from the cess. If the industry is relieved of this burden, it will have a small safety margin against any contingent increases in other elements of its costs of production.

(b) *Delay in subsidy payments.*- The manufacturers represented to us at the public inquiry that they had not, till that time, received any payment from Government on account of the subsidy, although they had submitted their claims several months earlier. We suggest that steps should be taken to expedite the payments due to the manufacturers on account of the subsidy.

(c) *Measures to ensure equitable distribution.*- Under the Supply and Prices of Goods Act, 1950, maximum prices have been fixed for soda ash. We have, however, received representations to the effect that owing to an acute shortage of soda ash in the country, the consumers are experiencing difficulties in securing their requirements of this essential material at the maximum prices fixed by Government. At the public inquiry, the representative of the Director of Industries, Bombay, stated that several consumers in his State has complained of difficulties in getting supplies from dealers and that no action could be taken because of absence of any machinery for regulating the distribution of soda ash. We understand that the manufacturers themselves are taking various measures to prevent excessive prices being charged by their distributors, but evidently such measures are not fully effective in regulating the prices charged to the final consumer. We recommend, therefore, that urgent consideration be given to the possibility of taking more effective measures under the Supply and Prices of Goods Act towards enforcing the maximum prices of soda ash and ensuring an equitable distribution of the available supply.

(d) *The use of sodium sulphate to supplement soda ash.*- At the public inquiry, Shri R.D. Chandorkar, the representative of the All-India Glass Manufacturers' Association, suggested that in order to conserve the available supplies of soda ash in the country, the glass factories in India could use sodium sulphate (salt cake) in combination with soda ash, in the manufacture of sheet glass and bottles.

After the public inquiry, Shri M.G. Kotibhaskar made a similar suggestion, pointing out that at the current price of about Rs. 400 per ton of soda ash in Bombay, the use of sodium sulphate, which was available at Rs. 80/- per ton, would be distinctly economical, even after allowing for the fact that a larger quantity of sodium sulphate had to be used to do the same work. We recommend that the Council of Scientific and Industrial Research should examine the possibility of utilising sodium sulphate in the glass, silicate and other industries in order to economise in the consumption of soda ash (particularly heavy ash which has to be imported from abroad).

17. Our conclusions and recommendations may be summarised as under:
Summary of conclusions and recommendations.

(1) The domestic demand for soda ash is estimated at 115,000 tons. [Paragraph 6(a)]

(2) The glass and bichromate factories should be given facilities for obtaining their requirements of heavy ash. The total requirements of these factories are estimated at about 45,000 tons. The total domestic requirements of heavy ash are also estimated at 45,000 tons. The balance of the domestic demand, 70,000 tons, can be met by light ash. [Paragraph 6(c)]

(3) The indigenous production of soda ash in 1950 amounted to 43,490 tons. The indigenous production is expected to increase to 49,700 tons in 1951, 53,200 tons to 57,200 tons in 1952 and 59,000 tons in 1953. After deducting the quantities expected to be consumed in the producing factories, the net production is expected to be 45,000 tons in 1951, 49,400 tons to 53,200 tons in 1952 and 64,300 tons in 1953. (Paragraph 7)

(4) In 1950, the Tata Chemicals were able to increase their sales by nearly 80 per cent. and the Dhrangadhra Chemicals by nearly 108 per cent. as compared with 1949.

The total stocks of soda ash with the industry on 31st December, 1950 amounted to 2,909 tons only, a quantity equal to less than one month's production in 1950. (Paragraph 8)

(5) Import requirements for the current year are estimated at 110,000 tons, of which 70,000 tons will be required for current consumption, 10,000 tons for replenishing stocks and 30,000 tons, i.e., a quantity equal to three months' consumption, for building up a reserve. It is expected that only 55,000 to 60,000 tons may be available during the current year from Kenya, the U.K. and Pakistan. Steps should, therefore, be taken to explore the possibility of securing the balance from other sources, such as Italy, France and the United States. (Paragraph 10)

(6) The fair selling price of the indigenous ash for 1951-52 is estimated at Rs. 315.25 per ton or Rs. 15.76 per cwt., as compared with the Board's previous estimate of Rs. 336.59 per ton or Rs. 16.83 per cwt. for 1949-50. The fair selling price of Rs. 15.76 per cwt. is ex-factory and exclusive of selling expenses. [Paragraph 13(b) (xi)]

(7) The port town prices corresponding to the ex-factory fair selling price recommended above are given in paragraph 13(b) (xii).

(8) A comparison of the fair selling price (including an allowance for freight disadvantage) of indigenous ash with the landed cost, without duty, of imported ash would seem to indicate that either an increase in the rates of import duty from 42 per cent. preferential, and 52½ per cent. standard, to 52 per cent. preferential, and 62 per cent. standard or an increase in the subsidy from Re. 1/- to Rs. 2-5-0 per cwt., is required to afford adequate protection to the domestic industry. However, the present shortage of soda ash in the country and the difficulty of procuring adequate supplies from abroad have considerably reduced the scope for foreign competition and hence the domestic industry can carry on with a much smaller measure

of protection than is indicated by the above comparison.
[Paragraph 15(a)]

(9) In view of the altered conditions regarding the prices and availability of imports, (a) the subsidy should be discontinued, and (b) either the rates of duty including surcharge, should be reduced to 30 per cent., preferential and 40 per cent. standard, keeping the tariff value unchanged at Rs. 13-8-0 per cwt., or the tariff value should be reduced to Rs. 9-12-0 per cwt., without changing the rates of duties. [Paragraph 15(c)]

(10) If at any time during the present period of protection (i.e. up to 31st March 1953), foreign ash, particularly Magadi ash, begins to be imported on such a scale as to offer effective competition to indigenous ash and if as a consequence, the prices of indigenous ash tend to fall to an uneconomic level, the industry may apply for a review of the protective duty under Section 4(1) of the Indian Tariff Act. A careful watch should be maintained over the imports of soda ash in order to enable timely action to be taken to safeguard the position of the domestic industry. [Paragraph 15(d)]

(11) Salt used in the manufacture of soda ash should be exempted from the salt cess. [Paragraph 16(a)]

(12) Steps should be taken to expedite the payments due to the manufacturers on account of the subsidy. [Paragraph 16(d)]

(13) Government should give urgent consideration to the possibility of taking more effective measure under the Supply and Prices of Goods Act, 1950 towards enforcing the maximum prices of soda ash and ensuring an equitable distribution of the available supply. [Paragraph 16(c)]

(14) The Council of Scientific and Industrial Research should examine the possibility of utilising sodium sulphate in the glass, silicate and other industries in order to

economise in the consumption of soda ash (particularly, heavy ash which has to be imported from abroad). [Paragraph 16(d)]

18. We wish to express our thanks to the Tata Chemicals, Acknowledgments. the Dhrangadhra Chemicals and the I.C.I. for their co-operation in carrying out this inquiry. We have received much valuable assistance from Dr. S.P. Varma, Deputy Development Officer, Ministry of Commerce & Industry. Our thanks are due to him, as also to Shri M. Bhatnagar, Controller of Civil Supplies, Saurashtra, Dr. M.R. Mandlekar, Deputy Director of Industries, Bombay, Shri S.S. Mehta, our Technical Adviser and Shri S.V. Rajan, Assistant Cost Accounts Officer attached to the Board, for their assistance at various stages of this inquiry.

H.L. DEY,
President.

B.N. ADARKAR,
Member.

M.A. MULKY,
Secretary.

Bombay,
Dated 30th April, 1951.



APPENDIX I
(Vide paragraph 4)

List of firms or bodies to whom questionnaires were issued
and those who replied thereto, or sent memoranda.

(*Indicates those who replied)

A. PRODUCERS:

- *1. Messrs. Tata Chemicals Ltd.,
Bombay House, Bruce Street,
Bombay 1.
- *2. The Dhrangadhra Chemical Works Ltd.,
Dhrangadhra (Saurashtra).

B. IMPORTERS:

- *1. The Imperial Chemical Industries (India) Ltd.,
18, Strand Road,
Calcutta.
- *2. Indian Commerical Co. Ltd.,
45-47, Apollo Street,
Bombay.
- *3. Messrs. Volkart Brothers,
Graham Road, Ballard Estate,
Bombay 1.
- 4. New Standard Chemical Co. Ltd.,
28, Samuel Street, Vadgadi,
Bombay.

C. CONSUMERS:

- *1. All India Glass Manufacturers' Federation,
Plaza Cinema, Connaught Circus,
New Delhi.
- 2. The Ahmedabad Millowners' Association,
Lal Darwaja,
Ahmedabad.
- *3. Director General of Ordnance Factories,
Calcutta.
- 4. Government Bichromate Factory,
Belagula (Mysore).
- *5. Indian Paper Mills Association.
23-B, Netaji Subhas Road,
Calcutta.

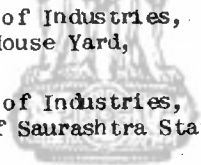
Consumers: (Contd.)

- *6. The Millowners' Association,
Elphinstone Building, Curchgate Street,
Bombay.
- *7. All India Bichromate Manufacturers' Association,
Currimbhoy House, Outram Road,
Bombay.
- *8. Ogale Glass Works Ltd.,
Ogalewadi, (Dt. Satara).
- *9. All India Chemical Manufacturers' Association,
23-A, Netaji Subhas Road,
Calcutta.
- 10. Swadeshi Silicate Manufacturing Works,
Naimi (E.I. Rly.),
Allahabad.
- *11. Calcutta Mineral Supply Co. Ltd.,
31, Jackson Lane,
Calcutta.
- 12. Indian Paper Makers' Association,
P.B. 250,
Calcutta.
- *13. The Garment Cleaning Works,
Gowalia Tank Road,
Bombay.
- *14. The Bombay Glass Works Ltd.,
Manmala Tank Road,
Bombay 16.
- *15. Star Metal Refinery Ltd.,
361, Hornby Road,
Bombay.
- *16. Phoenix Chemical Works,
Thobiwami Chawl,
112, Parel Road,
Bombay 12.
- *17. National Industries Company,
432, Naigam, Dadar,
Bombay 14.
- *18. Modern Chemical Co.,
Indira Nivas, Bhatwadi Road,
Bombay 4.
- *19. Pioneer Chemical Industries,
Tulsi Pipe Road, Matunga,
Bombay 19.

Consumers: (Contd.)

20. The International Chemicals,
Tulsi Pipe Road, Matunga,
Bombay 19.
- *21. Messrs. Sreenivas Chemical Manufacturing Co.,
Malleswaram P.O.,
Bangalore City.
22. The Sodepore Glass Works Ltd.,
15, Netaji Subhas Road,
Calcutta.
- *23. South India Glass Manufacturers' Association,
34, Gandhi Nagar,
Bangalore City.
- *24. Saraikella Glass Works Ltd.,
P.O. Kandra (B.N.R.).
25. Upper India Glass Works Ltd.,
Ambala City.
- *26. Bengal Glass Manufacturers' Association,
P-11, Mission Row Extension,
Calcutta.

OTHERS:

- *1. The Director of Industries,
Old Customs House Yard,
Bombay 1.
2. The Director of Industries,
Government of Saurashtra State,
Rajkot.
3. The Secretary,  सत्यमेव जयते
Council of Scientific & Industrial Research,
P. Block, Raisina Road,
New Delhi.
4. The All India Manufacturers' Organization,
Industrial Assurance Building, Churchgate,
Bombay 1.

APPENDIX II

(Vide paragraph 4)

List of persons who attended the inquiry and gave evidence at the Board's office on 27th March, 1951.

PRODUCERS:

Mr. J.D. Choksi	}	Representing	M/s. Tata Chemicals Ltd., Bombay.
Mr. P.A. Narielwala			
Mr. C.R. Rao			
Sahu Shriyans Prasad Jain	}	"	The Dhrangadhra Chemical Works Ltd., Dhrangadhra.
Mr. Gopaldas P. Parikh			
Mr. Gian Chand Jain			
Mr. C.M. Gandhi			
Mr. Indravir Prasad			
Mr. J.N. Reuben	}	"	The All India Manufacturers' Organization, Bombay.
Mr. S.M. Doctor			
Mr. S.M. Mistry		"	The Indian Chemical Manufacturers' Association, Calcutta.

IMPORTERS:

Mr. J. McIntyre	}	"	The Imperial Chemical Industries (India) Ltd., Calcutta.
Mr. E.J. Langford			
Mr. J.D. Ilett			

CONSUMERS:

Mr. R.D. Chandorker	"	The All India Glass Manufacturers' Federation, New Delhi.
Mr. Mohanlal T. Shah	"	The All India Bichromate Manufacturers' Association, Bombay.
Dr. A.M. Patel	"	The Millowners Association, Bombay.

Consumers: (Contd.)

Mr. E. Lindemberger } Mr. G.S.R. Iyer }	Representing	The Bombay Glass Works Ltd., Bombay.
Mr. P.S. Pachye	"	M/s. Ogale Glass Works Ltd., Ogalewadi.
Mr. Chunilal V. Padia	"	The Garment Cleaning Works, Bombay.
Mr. Ramanlal Parikh	"	The Star Metal Refinery Ltd.; Bombay.
Mr. Tapishanker N. Bhatt	"	The National Industries Company, Bombay.
Mr. B.C. Patel	"	The Modern Chemical Company, Bombay.
Mr. M.G. Kotibhaskar } Mr. R.Y. Shahani }	"	The Phoenix Chemical Works, Bombay.
OFFICIALS:		
Dr. S.P. Varma		Dy. Development Officer, Commerce & Industry Ministry, New Delhi.
Dr. M.R. Mandlekar		Dy. Director of Ind tries, Bombay.
Dr. M. Bhatnagar		Controller of Civil Supplies, Saurashtra State, Rajkot.

